

## Message Text

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ACTION NEA-11

INFO OCT-01 ISO-00 NEAE-00 AID-05 CIAE-00 EB-08 FRB-03  
INR-10 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02  
LAB-04 SIL-01 OMB-01 INT-05 DOE-15 DOEE-00 SOE-02  
OES-07 NSCE-00 SS-15 STR-07 CEA-01 L-03 CTME-00  
ICAE-00 INRE-00 SSO-00 /106 W  
-----000551 171522Z /46

O 171411Z MAY 78  
FM AMEMBASSY KUWAIT  
TO SECSTATE WASHDC IMMEDIATE 1012  
INFO USDOC WASHDC IMMEDIATE

C O N F I D E N T I A L KUWAIT 3000

DEPT. FOR NEA/ARP

USDOC FOR ITA/BED/CAGNE

E.O. 11652: GDS  
TAGS: ETRD, BEXP, KU  
SUBJECT: AMERICAN CAST IRON PIPE SHOULD BE ENCOURAGED TO  
BID ON MEW STEEL PIPE TENDER

REF: (A) STATE 105797, (B) KUWAIT 2562.

1. SUMMARY: REQUEST DEPT/USDOC PASS MESSAGE TO AMERICAN CAST  
IRON PIPE CO. THAT THERE IS NO REASON WHY IT SHOULD NOT SUBMIT  
TENDER DUE MAY 21, SINCE IT CAN DO SO WITHOUT CONTRAVENING U.S.  
ANTIBOYCOTT LAW. END SUMMARY.

2. NASER MOHAMMED AL-SAYER, AGENT FOR AMERICAN CAST IRON PIPE  
CO. (ACIP), ADVISED EMBOFF OF A TELEX DATED MAY 16 FROM ACIP  
STATING ACIP "UNABLE TO SUBMIT A TENDER DUE TO CURRENT U.S.  
ANTIBOYCOTT LAW". GIVEN INFO REF. B, WE FIND THIS SURPRISING.  
INFO WE HAVE ON CASE FURTHER TO REF B IS AS FOLLOWS.

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3. MR. LABIB, CONSULTANT TO ACIP BASED IN CAIRO, VISITED  
EMBASSY AND AFTER LENGTHY MEETING INFORMED EMBOFF OF FOLLOWING  
POINTS:

4. LENGTHY EXCHANGE OF TELEXES BETWEEN ACIP AND AL-SAYER  
OVER STIFF "FORMAL" REQUIREMENTS IN MEW TENDER DOESN'T SEEM  
TO HAVE GOTTEN THE POINT HOME TO ACIP. THE POINT IS THAT

KUWAIT WILL NOT REPEAT NOT "FORMALLY" TELL ACIP THEY DO NOT HAVE TO COMPLY WITH PARAGRAPH 14 REQUIREMENTS OF TENDER, CONCERNING SUBMISSION OF DOCUMENTS PROHIBITED BY U.S. LAW. HOWEVER, IF ACIP SUBMITS POSITIVE CERTIFICATES OF ORIGINS, ETC. AS ALLOWED BY U.S. LAW, PAST SIMILAR CASES EMBASSY HAS DEALT WITH AND ADVICE OF EXPERIENCED LOCAL AGENTS AND LAWYERS VERSED IN BOYCOTT MATTERS ALL INDICATE THAT ACIP WILL NOT BE RISKING ITS BOND. IT IS IN EFFECT MAKING A COUNTER-OFFER THAT MEW CAN EITHER ACCEPT OR REJECT. IF MEW REJECTS THE OFFER (AL-SAYER BELIEVES MEW UNLIKELY TO REJECT AS ACIP IS IN A VERY COMPETITIVE POSITION) THEN THE BOND IS RETURNED. IF MEW ACCEPTS THE DOCUMENTS TENDERED BY ACIP IN ACCORDANCE WITH U.S. LAW, INCLUDING THE DISCLAIMER, THEN THEY HAVE ACCEPTED ACIP'S OFFER AND AGAIN THERE IS NO RISK OF LOSING A BOND, AS ACCEPTABLE TERMS CAN BE NEGOTIATED INTO A CONTRACT ONCE A SELECTION IS MADE BY MEW.

5. ACTION REQUESTED: PLEASE CONTACT ACIP IMMEDIATELY (AS TENDER DEADLINE IS MAY 21) AND IMPRESS UPON COMPANY THAT BOYCOTT WILL NOT BE A PROBLEM IF THEY SUBMIT DOCUMENTS ALLOWED BY U.S. LAW AND LET AL-SAYER AND LABIB HANDLE MEW. THIS CASE IS SIMILAR TO NUMEROUS ONES DEPT. HAS QUERIED US ABOUT IN THE PAST. WE BELIEVE IT IS TIME WASHINGTON PASSED MESSAGE TO U.S. FIRMS THAT BOYCOTT LANGUAGE IN KUWAIT TENDER DOCUMENTS IS SOLVABLE  
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PROBLEM BEST HANDLED BY FIRMS' AGENT AND LOCAL LAWYER PLUS VISIT BY AMERICAN REP. OF FIRM. A STERILE EXCHANGE OF TELEXES, AS APPARENTLY HAPPENED IN THE CASE OF ACIP AND OTHER U.S. FIRMS IS NOT THE WAY TO SOLVE THE PROBLEM.

6. COMMENT: WE UNDERSTAND ACIP CAN SIMPLY NOT INITIAL THOSE CLAUSES IN TENDER WHICH U.S. LAW FORBIDS THEM TO AGREE TO, AND SUBMIT DOCUMENTS WITHOUT VIOLATING U.S. LAW. EMBASSY EXPERIENCE HAS BEEN KUWAITIS HAVE NEVER MADE BOYCOTT A MAKE OR BREAK ISSUE WHERE THEY WANTED THE COMPANY OTHERWISE. LABIB WILL STAY IN KUWAIT TILL 23RD OF MAY HOPING ACIP WILL RELENT AND BID.  
SUTHERLAND

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** IRON, STEEL, PROPOSALS (BID), TRADE OPPORTUNITY REPORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 17 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978KUWAIT03000  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
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**Review Event:**  
**Review Exemptions:** n/a  
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**Review Transfer Date:**  
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**Subject:** AMERICAN CAST IRON PIPE SHOULD BE ENCOURAGED TO BID ON MEW STEEL PIPE TENDER  
**TAGS:** ETRD, BEXP, KU  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
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